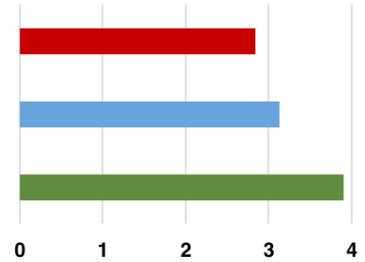


## TRENDLINES

### Growth and employee value



The median value per employee is higher for firms projecting a growth in **profits** (3.9) than for firms projecting **decline** (3.13) or **no change** (2.84), according to the 2016 Valuation Survey. (Special discount to TZL Subscribers, use code SPRINGVAL15 to order this survey at 15 percent off on ZweigGroup.com)

## FIRM INDEX

Balance Associate Architects.....	8
Eaton.....	2
Gensler.....	10
Jackson   Main Architecture.....	7
Macquarie Infrastructure	
Partners III.....	10
PKJB Architectural Group.....	7
prentiss + balance + wickline Architects.....	8
Prentiss Wickline Architects.....	8
Rincon Consultants, Inc.....	3
RPS Klotz Associates.....	12
Stricker Cato Murphy Architects.....	7

## Easing out – gracefully

“You owe it to yourself, your family, your employees, and your partners, to be thinking about your exit plan in a serious way.”



Mark Zweig

### EDITORIAL

I see a lot of people – owners of firms in this business – who don’t seem to know how or when to get out. You may think you have one of two paths, those being:

- 1) Work your butt off and act like you’ll live forever.
- 2) Do as little as possible work-wise and hang on until you get forced out by the younger owners.

Folks – neither of these is a good way to go. I’ve seen plenty of people following each of these paths. Guess what happens to those on path #1? They die. Or, they get sick and die. Or, they don’t get sick or die but everyone quits. **NONE** of these are good outcomes! None of these are what you want. Why do you do it?

Those who follow option #2 don’t have a happy ending, either. They get run off from their companies – oftentimes disgraced – if not publicly then behind closed doors. Even if everyone is nice and this person gets a big paycheck on the way out the door, what’s it for? So they can live out the rest of their days in a drywall palace somewhere and go out to eat at the buffet at 4:30 p.m. for the senior special? These people feel bad and useless because they **ARE**, in fact, useless. Why would you want to end your career like this?

You need to ease out gracefully. If you are serious about doing so, here’s my best advice to you:

- 1) **Get a successor NOW.** This is the biggest single problem with people at high levels in this business. They don’t have a successor. And there are a zillion reasons for it. They try but

See MARK ZWEIG, page 2

## MORE COLUMNS

- CONSULTANT’S CORNER: Managing change Page 5
- FROM THE CHAIRMAN: Deep client engagement Page 9
- FINANCIAL FITNESS: Predictability and vulnerability Page 11

# A healthy environment

Page 3

# Seattle style

Page 6

## BUSINESS NEWS

### EATON NAMED ENERGY STAR PARTNER OF THE YEAR BY THE EPA

Power management company Eaton announced that it's being honored by the U.S. Environmental Protection Agency as a 2016 ENERGY STAR Partner of the Year – Product Brand Owner Award. The honor is a result of the company's performance and leadership supporting the ENERGY STAR Program, specifically for developing a training curriculum for educating customers about the benefits of using energy-efficient products and for Eaton's impressive offering of over 150,000 configurable models of ENERGY STAR-certified products in the Recessed Lighting category.

Eaton has partnered with the EPA to save energy from the beginning, starting with its participation in the EPA's Green Lights program, which preceded ENERGY STAR.

"Eaton remains dedicated to educating customers about the benefits of using energy-efficient products, reducing greenhouse gas emissions and saving on energy and maintenance costs," said Kraig Kasler, president, Eaton's Lighting Division. "We value our alliance with ENERGY STAR and are extremely honored for being recognized for the second consecutive year."

This past year Eaton created a training curriculum to educate customers at Home Depot and Lowe's locations explaining the benefits of using ENERGY STAR-certified lighting. Eaton also incorporated the ENERGY STAR message and benefits into digital and in-store promotions. Since 2014, Eaton has increased its sales of ENERGY STAR products by 68 percent.

Eaton offers one of the broadest ranges of indoor and outdoor qualified, energy-saving luminaires in the North American lighting market. The company's ENERGY STAR-certified products include the largest offering of Halo and Portfolio lighting-emitting diode recessed downlights with over 150,000 configurable models – more than any other manufacturer. The Halo LED downlight product line had the first ENERGY STAR-certified LED downlight in 2009.

"Eaton's ENERGY STAR-certified products are helping Americans save money, save energy and do their part to reduce our nation's greenhouse gas emissions that contribute to climate change," said EPA Administrator Gina McCarthy. "Eaton's efforts demonstrate a strong commitment to energy efficiency and to preserving a healthy planet for future generations."

MARK ZWEIG, from page 1

fail to pick the right person. They don't have anyone qualified inside the company so they do nothing. They don't have time. No one is as good as they are. And so on and so forth. Here's the problem – it's all B.S. Find a successor. Get someone good. Give them a real opportunity. Pay them well. Coach them. Advise them.

**2) Train, train, train.** Your job as an old-timer, and hopefully an experienced professional who has been at it a long time, is to train everyone you come in contact with. They all need your knowledge and wisdom. That's how you will be immortalized and liberated, and maybe how you get real value out of your enterprise. Don't be stingy with this knowledge. Share it widely. Make sure it is worth sharing, though. You don't need to pass on your prejudices and preconceived notions to everyone else. That could be harmful to the company.

**3) Don't be greedy.** You know what I mean here so don't act like you don't understand. Don't take out more than you deserve. Don't demand more for your shares or ownership position than it's worth, either. Just think of how much money you really put into the company to get it to where it is, or how much **YOU** paid for your ownership interest when you got it. And then think of how hard it is for everyone else to get a big pot of cash to buy you out. Be reasonable.

**4) Know when to jump in and when to jump out.** I've written more than one article on this subject. But in a nutshell, do too much and then everyone will wait for you to do everything. Do too little and they'll wonder why you get a paycheck. It's an art to know when to correct/help/jump in, and when not to. You need to learn it.

**5) Start preparing for your next gig before you move out.** Maybe you'd be willing to part with some of your roles if you had other business interests or hobbies that were calling for your time. If you don't have any of these then you run the risk that your entire identity is wrapped up in your role in your specific firm. That may be very difficult for you to ever give up. Think about it.

We all know none of this stuff is easy. As professionals who have been in our fields for a long time – worked in one industry, in one firm – any change is hard to make. But you owe it to yourself, your family, your employees, and your partners, to be thinking about your exit plan in a serious way. **■**

MARK ZWEIG is Zweig Group's founder and CEO. Contact him at [mzweig@zweiggroup.com](mailto:mzweig@zweiggroup.com).

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Published continuously since 1992 by Zweig Group, Fayetteville, Arkansas, USA. ISSN 1068-1310.

Issued weekly (48 issues/yr.). \$475 for one-year subscription, \$775 for two-year subscription.

Article reprints: For high-quality reprints, including Eprints and NXTprints, please contact The YGS Group at 717-399-1900, ext. 139, or email [TheZweigLetter@TheYGSGroup.com](mailto:TheZweigLetter@TheYGSGroup.com).

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## PROFILE



The 6th Street Viaduct Replacement in Los Angeles. Rincon Consultants provided environmental support services for the project team responsible for the demolition and reconstruction of the bridge. / Rincon Consultants

# A healthy environment

Mike Gialketsis, president of California environmental firm Rincon Consultants, arrives early to catch the plane, but if others get there just in the nick of time, he understands.

By LIISA ANDREASSEN  
Correspondent



Mike  
Gialketsis,  
President,  
Rincon Con-  
sultants, Inc.

A southern California native, Mike Gialketsis is president of **Rincon Consultants, Inc.** (#5 Best Firm Environmental and #80 Hot Firm for 2015), a 115-person environmental planning and engineering firm based in Ventura. He has a B.A. in environmental studies from the University of California, Santa Barbara, and completed an internship at the County of Ventura Resource Management Agency. From there he joined a small, but prestigious, environmental planning firm in southern California, where he gained the technical expertise needed to be a successful consultant.

After nearly three years, he was recruited to join a team of four environmental specialists for an international marine geosciences engineering firm that sought to expand their services to include environmental capabilities. During the next 12 years, he was involved in building their environmental practice, organically and through acquisition. In 1994, he and four others founded Rincon. Since then, the firm has grown to more than 100 employees in offices across California.

### A CONVERSATION WITH GIALKETSIS.

**The Zweig Letter: What are your key strengths? What are key strengths for an effective leader?**

**Mike Gialketsis:** Coaching skills. In developing a successful business that is engaged in professional services, it's important that leadership align the firm's values with the needs of its professional team. Effective leaders strive for excellence in all that they do, but at the same time can tap into the passion and emotional energy of the teams they lead.

**TZL: How would you describe your leadership style?**

**MG:** Professional, driven, and respectful.

**TZL: What has been your greatest challenge to date and how did you deal with it?**

**MG:** The Great Recession was certainly a challenge, but it also presented the opportunity to become better at what we do as a firm. Our diversification and focus on a healthy professional culture

See Q&A, page 4



Q&A, from page 3

centered on individual growth prepared us to navigate the difficult economy. We didn't have to reduce staff, and we never missed a bonus-cycle.

**TZL: What is your vision for the future of Rincon?**

**MG:** I have two:

- 1) To continue to be a strong platform for professionals to develop their careers, explore their passions and to thrive.
- 2) To build a strong professional team that is skilled at adapting to changes in the market and developing new opportunities.

**TZL: How have you seen the company evolve since its founding?**

**MG:** Over the years the company has matured from a highly capable start-up to a much better organized firm capable of competing for projects on a higher level and within a broader geographic reach. Through training and the launching of an ownership expansion program, the firm has become stronger – technically, culturally, and from a management perspective. We have focused leadership, diversification, and empower our capable professionals.

“Creating a culture of excellence and empowerment is an exciting, but challenging job.”

**TZL: Tell me about a recent project you are proud of and why.**

**MG:** There are many. I am especially proud of Rincon's active involvement in environmental assessment and permitting for California's High Speed Rail project. This is a visionary project that, together with other multi-modal investments, will transform California's transportation system and land use to meet the state's future population. We have three roles: environmental compliance, permitting, and environmental impact analysis. I am also proud of our Climate Action Team which has enabled Rincon to become one of the leading Greenhouse Gas Verification firms in California.

**TZL: What's an exciting new project you have on deck?**

**MG:** Rincon was recently awarded a contract to update the City of Oxnard's Local Coastal Plan. This project is exciting because it represents one of the LCP Update projects in California to be implemented following adoption of the California Coastal Commission Guidelines on Sea Level Rise. The project involves updating the long range land use plan for the coastal zone for the city and will incorporate the California Coastal Commission's recent guidance and technical documentation concerning sea level rise. The plan will address a broad range of coastal planning issues including coastal hazards, environmentally sensitive habitats, a recreational boat marina, private waterways, visitor serving facilities, beach access, and coastal dependent land uses including two gas-fired power plants and a municipal wastewater treatment plant. The 18-month project also involves coordination of a comprehensive public involvement program as well as technical, and local agency advisory committees. The final plan will update all of the land use and coastal

resource protection policies and will address the long range effects and adaptation strategies to effectively address SLR as projected through 2100. Rincon is writing the plan. My personal involvement will be as a technical and policy advisor to the project team, client, and California Coastal Commission, as required.

**TZL: How have you helped your firm to outperform some competitors?**

**MG:** We have tremendous respect for our competitors who are often our colleagues. My focus has largely been in relationship development, externally, and culture development, internally. Creating a culture of excellence and empowerment is an exciting, but challenging job.

**TZL: What do you feel sets your firm apart from others?**

**MG:** It would probably be fair to describe me as 'business street smart' and passionate for the power of what people can accomplish if properly guided and empowered.

**TZL: Are you married? Do you have children? Pets?**

**MG:** I'm happily married to my amazing wife, Lori. We have five children who inspire me every day. Our dog Lucky, a Labrador, and Cinci, our cat, are there to greet me with enthusiasm every day.

**TZL: What's one thing most people at the firm don't know about you?**

**MG:** I'm much more of an introvert than most would think.

**TZL: What's the last book you read?**

**MG:** *Culture Eats Strategy for Lunch.*

**TZL: What's the last movie you saw?**

**MG:** *Carol.*

**TZL: What's the best piece of work-related advice you've ever gotten?**

**MG:** A former supervisor told me that everyone has a different style; let them use it to achieve success. He then gave me an example that involved catching a plane. He said some folks arrive early (that's me); some follow the instructions and are right on time; and others race through the airport to catch the plane. If everyone catches the plane, which style is right? Regarding generational differences, I was advised that there are not really all that many differences. Essentially, everyone wants to be part of something important and to be on a winning team.

**TZL: Is there a leader who you admire? Why?**

**MG:** John Wooden was an American basketball player and coach who was generally soft-spoken. He reached beyond just winning the game to building character in those around him. I also admire John Lennon who inspired passion for change and for what is possible.

**TZL: When you're not working, what types of activities do you enjoy?**

**MG:** Hiking, being outdoors, traveling, cooking, savoring good wine, and enjoying friends and family. ▀

## OPINION



# Managing change

Change is a powerful force, so embrace it, learn from it, and by all means, take account of its effects and be reasonable in dealing with it.



**Gerri King**

### CONSULTANT'S CORNER

**L**ife would be more comfortable if clichés helped. “Change is the only constant.” “Without change we’d never have progress.” “Change should be embraced.” If only it were that easy.

Scientists talk about the ripple effect of one small change in ecosystems in the natural world. Change has the same effect on the patterns and systems that we set up in our own lives.

Imagine, then, the impact of change on organizations; leadership transition; reorganization; redefining departmental vision; merging departments and trying to bring together two different cultures; and the constant technological accommodations required by all of us these days.

Even the smallest diversion from the norm can cause tremendous resistance for the following reasons:

- When we are in transition we are, at least for a time, deprived of knowledge. When our knowledge base is eroded, we feel we no longer have our influence. Control becomes a real issue.
- When we are not in control, we have a tendency to

hang onto the familiar. Often we dig in our heels and insist on staying with the old ways. Sometimes we even sabotage our own progress or the progress of others, a phenomenon known as “success sabotage,” or “fear of success,” so we don’t have to face the unknown.

- Anxiety increases and it is not really about the present because we know what’s happening at the moment. Anxiety invokes the past. We remember what we went through with past transitions. Or it is about the future. We anticipate the worst.
- There is a loss of the familiar. We may be giving up a feeling of expertise, old habits, or comfortable working relationships. Even when the changes are needed and positive, we are losing familiarity and predictability, which leads to a loss of confidence. “We have always done it that way,” means we know how to do it that way and it is no longer a struggle. In a world of tension and inherent difficulty, sameness can be calming and soothing. The fact that a new direction

See GERRI KING, page 8



# SPOTLIGHT ON: Seattle

## PROFILE



Gregg Percich,  
Principal and  
Cofounder,  
Jackson | Main  
Architecture



The Cubix Aurora Modular Apartments in Seattle. Multifamily housing is a big part of Jackson | Main's portfolio.

## Seattle style

Architecture firms are joining forces as they embrace a design market powered by a tech industry that has attracted thousands from across the United States and the world.

By RICHARD MASSEY  
Managing Editor

**A**mazon, the largest online retailer in the United States, along with a long roster of other tech companies, continue to anchor development in Seattle, the progressive, scenic metropolis where they are based.

The post-recession surge in construction, in large part centered on the need to house the thousands who have flocked to the Emerald City for high-wage jobs at places like Google, Dropbox, Tesla Motors, and Nike, has created a healthy environment for architecture firms.

Designing everything from high-rise to midrise, urban multifamily to rural single family, and office to retail, the architecture firms are so busy that there is talk that what's going on right now might actually eclipse the boom that took place before the real estate crisis of 2007-2009. *The Seattle Times* even

compared the current growth period to the one right after the Klondike Gold Rush.

The labor market is tight, too, as firms, vying for seasoned talent, oftentimes have to settle on fresher faces to fill out their teams. Consider the job board for the American Institute of Architects-Seattle. Since January 1, at least 220 job openings have been posted there, with positions ranging from intern to senior architect.

“Clients keep coming to us with work, and we keep saying, ‘Yes.’”

The raw real estate numbers also serve as a bold underscore for what's unfolding in Seattle. According to JLL, a global real estate services firm, in the first quarter of this year, the sales volume in the office market topped \$854 million, and according to JLL,



# tle firms:

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The River Bank House, by prentiss + balance + wickline Architects.



From left to right, Geoff Prentiss, Tom Lenchek, and Dan Wickline, principals and cofounders, prentiss + balance + wickline Architects

there is about 6.7 million square feet of office space under construction, with most of it set to deliver by next year.

Gregg Percich, a principal and founder at **Jackson | Main Architecture**, has worked in the Seattle market since 1985. He says the upsurge in design and development is not just big, but perhaps even bigger than what happened before the Great Recession, when Seattle, in response to the emergence of Microsoft Corp., shed its regional identity for a national profile.

“I don’t have the numbers, but it feels like it is,” Percich says.

His firm is the result of the January 2015 merger of two established firms – **Stricker Cato Murphy Architects** and **PKJB Architectural Group**. The new firm, with 48 people housed in a 19th century, seismically retrofitted building in Pioneer Square, is a mid-sized firm that’s well-positioned in the Seattle market.

“Both groups came in with so much work, we’re just letting our clients know, and they’re accepting it,” Percich says. “Clients keep coming to us with work, and we keep saying, ‘Yes.’”

Percich described the merger between the two firms as “beyond my expectations,” noting that three of the five founding partners had been friends for 15 years, that the M&A conversation had happened several times, and that the firms shared similar philosophies.

The outcome is a bigger firm with faster delivery and a broader menu of services. Jackson | Main’s wheelhouse is multi-family residential, self-storage, Mission Critical – switching stations and generator yards – and large corporate clients.

“Another challenge we had, and still have, is developing our new standards using all the new technology and abilities that our young staff bring to the office.”

While the new firm has made a seamless transition in terms of its relationship with clients, an ongoing test is taking place within the firm.

“Another challenge we had, and still have, is developing our new standards using all the new technology and abilities that our young staff bring to the office,” Percich says, referring to things like Slack instead of email, cutting edge software and cloud-based technology. “They learned it in school and they like to keep using it.”

Seattle has alternately been the fastest growing, or one of the fastest growing, cities in the United States for the last five years. The Seattle Office of Planning and Community Development reports that the population grew by around

See SEATTLE, page 8

GERRI KING, from page 5

is appealing does not mean we don't long for the old.

- Stress increases. Stress results, not merely from hard work, but from the gap between working hard and not accomplishing what needs to be accomplished. Changes increase that gap.
- Finally, positive change can be just as stressful as negative change because with every gain there is a loss. There are trade-offs, both anticipated and unanticipated.

“Include employees in the decision-making process whenever possible. The people who do the job every day know how to solve the problems.”

#### So what should we do?

- 1) Recognize resistance, concern, anxiety, and stress as normal reactions during periods of change. We do not need to add judgment to an already tense situation. If people's self-esteem is already strained by having to learn a new protocol, for instance, it certainly will not be enhanced by berating them for not accommodating the changes. In other words, accept how people feel. Feelings aren't right or wrong, they just are. If they exist, they're valid.
- 2) While enumerating the gains and positive aspects of the change, also address the losses. What are they giving up? What will they miss? Listen to what they're telling you about the trade-offs. People don't have to be right, they just need to be heard.
- 3) Learn what has to be accomplished to accommodate the

SEATTLE, from page 7

8.8 percent from 2010 to 2015, from 608,400 to an estimated 662,400. As many as 20 construction cranes dot the cityscape, testament to the growth of luxury high-rise apartments and condos – a lifestyle of choice for many of the new arrivals. Proposed is a 1,111-foot mixed use tower named 4/C, that if approved, financed, and built, would alter the Seattle skyline.

“We weren't competing for the same projects, but we did the same kind of work. We knew of each other. It was organic. In our case, our two firms were similar in a lot of ways.”

On a much smaller scale are the custom single-family homes designed by **prentiss + balance + wickline Architects**. The result of a recent merger between **Balance Associate Architects** and **Prentiss Wickline Architects**, the new firm, like Jackson | Main, represents a collegial joining of forces.

“We weren't competing for the same projects, but we did the same kind of work,” says principal and cofounder Dan Wickline. “We knew of each other. It was organic. In our case, our

changes and make a reasonable plan for getting it done. At the same time, recognize that everyone has his or her own pace. Respect personal styles – and to the extent possible – take them into account. When people believe their unique approaches will be tolerated, the pressure reduces and they can often make transitions faster.

- 4) Support one another. Those who are able to make changes more quickly can either be intolerant of those who need more time or they can help them in a non-judgmental way. Helping is rewarding and builds a team atmosphere.
- 5) Acknowledge that a single change affects the entire system. To the extent those ramifications can be anticipated, you'll be that much farther ahead. However, it's not possible to predict everything. Expect the unexpected. If the surprises are seen as normal, people will be less likely to be negatively affected by them.
- 6) It is essential to communicate far more often than usual even when there is not much to say. Keep as few secrets as possible. Have more meetings rather than less, in order to check in. Time taken now will, ultimately, save time later.
- 7) And, most important, include employees in the decision-making process whenever possible. The people who do the job every day know how to solve the problems. The more their expertise is tapped, the more invested they'll be in the outcome.

Employees need to trust their executives and executives need to trust their employees. Be accessible and available and, please, realize that a one-time announcement is simply not enough. If, as most say, “your employees are your greatest asset,” reflect that philosophy as you facilitate change within your organization. ▀

Gerri King, Ph.D., is a founding partner and president of Human Dynamics Associates Inc. For more information, visit [gerriking.com](http://gerriking.com).

“It's still boom time, for sure. Seattle and all around the region.”

two firms were similar in a lot of ways.”

Prentiss Wickline did a lot of work in Seattle and the San Juan Islands in Puget Sound. Balance Associates worked primarily in the Methow Valley. The new firm effectively straddles the Cascade Mountains, giving it a bigger reach than the two firms individually.

“It's increased energy in design and in the culture of the office,” Wickline says of the merger, noting that it's allowed the firm to be more efficient in how it handles its portfolio.

The firm's primary clients are professionals from the tech industry, retirees, owners of vacation homes, and final homes for long-time property owners. The firm, which has projects across the United States, specializes in structures that are in harmony with the surrounding environment, using, among other features, natural light, sod roofs, and solar gain.

At least for now, the 11-person firm has no plans to expand. And for now, that's not an issue. The firm is enjoying the current economic climate in the Pacific Northwest.

“It's still boom time, for sure,” says Wickline. “Seattle and all around the region.” ▀



## Deep client engagement

Friendships are not only good for the soul, they're good for business, so make as many of them as you can if you want your firm to prosper.



Ed  
Friedrichs

FROM THE  
CHAIRMAN

**P**ersonal engagement with clients determines so much of a firm's success. A client's satisfaction with the personal relationship with you and your team affects the recommendation they will give to other clients or prospects. It affects whether or not they turn to you for additional work. It affects what they'll say to their friends about the experience they had, and it even affects the degree to which they pay your bills on time or argue about changes to your scope of services that require additional fees.

Here are some recommended rules of engagement:

**1) Mirror your client.** Learn how they learn. Be a student of their personality traits, values, and attitudes. You don't need to be a chameleon, adopting their mannerisms, but you do need to understand who they are and where they come from to avoid offending them or getting into unnecessary arguments about things that have nothing to do with what you're working on.

Learn how they absorb information. Are they visual or verbal people? Would they rather see or be told? Do they rely heavily on the opinion or advice of others because, secretly, they have difficulty translating something they see pictorially into how they are going to experience it in real life? Field trips to, or photos of, solutions similar to what you're presenting can help a great deal. Do they struggle with technical information? Can you find a peer of your client, whom they trust, to endorse what you're recommending?

**2) Innovate.** Think beyond the scope of the work

"Become friends. Learn about your client's family, likes and dislikes, fears and hobbies. Share your own."

you've been engaged to do. Start by learning what's important to your client. Determine what will make their business perform at a higher level. Are there aspects of what you're going to do with them that you never talked about in the interview, or wrote about in the contract, that can change their organization's life?

**3) Become friends.** Learn about your client's family, likes and dislikes, fears and hobbies. Share your own. In my career, I became very close to almost every client, remaining friends long after our business had been concluded.

I'm reminded of Stephen Ambrose's book, *Undaunted Courage*, which follows Lewis and Clark's journals

See ED FRIEDRICHS, page 10



# BUSINESS NEWS

**MACQUARIE-LED CONSORTIUM ENTERS AGREEMENT TO CONSTRUCT LORDSTOWN ENERGY CENTER** Macquarie Infrastructure Partners III, along with Siemens Financial Services, announced they have entered an agreement to construct Lordstown Energy Center, a 940 megawatt combined cycle gas turbine electric power generation facility. The LEC site is situated approximately 50 miles southeast of Cleveland, Ohio, in the village of Lordstown.

The developer of the project, Clean Energy Future, will retain an interest in the project. Siemens will act as the engineering procurement construction contractor and provide the gas turbines, a steam turbine, and generators.

"Lordstown Energy Center is a very high quality energy infrastructure project with which we are proud to be associated," said Chris Leslie, CEO of MIP III. "LEC is expected to utilize the latest in high efficiency gas turbine power generation technology – technology that is both cost effective and more environmentally friendly than the aging coal-fired capacity that it will replace."

MIP III will provide 73 percent of the equity investment and Siemens Financial Services will provide the remaining 27 percent. A

consortium of banks will provide the \$445 million term debt to fund the construction.

"As the technology partner for LEC, we are pleased to provide Lordstown Energy Center with a turnkey solution of world-class power equipment, including gas and steam turbines manufactured by Siemens workers at our U.S.-based energy hub in North Carolina. This equipment will be serviced with pride by Siemens for many years to come," said John Gibson, senior vice president, head of sales North America at Siemens Power and Gas Division.

The turnkey solution for Lordstown will include two SGT6-8000H gas turbines, one SST-5000 steam turbine, two SGen-1200A generators as part of the gas turbine packages, one SGen-2000H generator as part of the steam turbine package, and a Siemens SPPA-T3000 integrated plant control system.

"We are very pleased to have such a distinguished and experienced team of international power industry leaders, as Macquarie and Siemens, taking over the leadership role within LEC. Their strong track records of success will be most beneficial in meeting the project's goals," said William Siderewicz, president, Clean Energy Future.

LEC is a "shovel ready" project, having received all required approvals and permits. Construction will begin immediately.

"Siemens is proud that we were able to support this project by leveraging our financial services capabilities alongside our power generation solutions," said Kirk Edelman, CEO of Energy Finance, Siemens Financial Services. "Siemens funded the development loan as well as an equity investment in Lordstown, underscoring our commitment to the long-term success of this project."

Power produced by LEC will be delivered into the PJM market, which serves more than 60 million customers. LEC will be capable of producing enough power to supply the equivalent of approximately 800,000 homes with clean, reliable power. The plant will replace a portion of the more than 18 gigawatts of coal-fired generating capacity in the region that has been retired since 2012.

Approximately 450 individuals will be employed in union positions during the nearly two-year long development and construction phase. Ongoing operations will be sustained by a permanent staff of 20. The facility is expected to commence commercial operations in the summer of 2018.

ED FRIEDRICHS, from page 9

of their expedition to America's West. Ambrose wrote extensively about the nature of friendship, which was so evident in the relationship between Lewis and Clark. It was the element which gave them the strength to endure the hardships they faced as they crossed the continent as the first explorers ever to do so. Working for a client can often seem as daunting.

"Ambrose wrote extensively about the nature of friendship, which was so evident in the relationship between Lewis and Clark. It was the element which gave them the strength to endure the hardships they faced."

The description made me appreciate the deep and lasting friendships which have been so much a part of my life, and to realize how important friendship has been in achieving the things we were able to accomplish together. I hope you find this passage from the book worthwhile and wish for you true friendships with the people with whom you share your work.

"Friendship is different from all other human relationships. Unlike acquaintanceship, friendship is based on love. Unlike lovers and married couples, friendship is free of jealousy. Unlike children and parents, friendship knows neither criticism nor resentment nor rebellion. Friendship has no status in law. Business partnerships are based on a contract, as is marriage. Parents are bound by the law as are children.

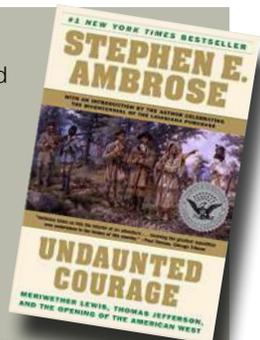
"But friendship is freely entered into, freely given, freely exercised. Friends never cheat on one another, or take advantage, or lie. Friends do not spy on one another, yet they have no secrets. Friends glory in each other's successes and are downcast by their failures. Friends minister to each other. Friends give to each other, worry about each other, stand always ready to help. At its height, friendship is an ecstasy. For Lewis and Clark, it was an ecstasy and the critical factor in their success."

**Follow these rules of engagement and you'll be richly rewarded. You'll enjoy your work more, you'll take greater pride in what you've accomplished with your clients, you'll receive more repeat and referral business with people you've genuinely come to like, and your brand will be richly embellished. ▀**

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**FOR YOUR BOOKSHELF: UNDAUNTED COURAGE**

In 1803 President Thomas Jefferson selected his personal secretary, Captain Meriwether Lewis, to lead a pioneering voyage across the Great Plains and into the Rockies. It was completely uncharted territory; a wild, vast land ruled by Native Americans. Charismatic and brave, Lewis was the perfect choice and he experienced the North American continent before any other explorer. Drama, danger, and diplomacy combine with personal tragedy to make *Undaunted Courage* an outstanding work of scholarship and a thrilling adventure.





## Predictability and vulnerability

As June 2016 comes to a close, don't forget to crack open the budget, and do whatever it takes to either catch up or get ahead.



Ted  
Maziejka

**FINANCIAL  
FITNESS**

June 2016 is the close of Q2 or Q3, depending on your flavor of fiscal year end, and many of you – owners, CEOs, CFOs, and financial managers – are looking at how the firm performed through June 2016. But it's worth pausing at this point in the year to look predictively toward the future.

We have the following predictions from greater minds than ours:

- **AIA.** "While rising interest rates could pose a challenge to the U.S. economy, lower energy prices, improved employment figures, and an enacted federal budget for 2016, are all factoring into a very favorable outlook for the construction industry," said AIA Chief Economist, Kermit Baker, Ph.D., AIA. "And after several years of challenging economic circumstances the institutional project sector is finally on very solid footing."
- **Goldman Sachs.** "Each of the key components (in the index) – long rates, the dollar, equity prices, and credit spreads – has retraced most or all of its prior deterioration," Goldman economists Jan Hatzius and Chris Mischaikow said in a note to clients. "The implications for U.S. growth are quite positive."
- **IMF.** "Recovery is projected to strengthen in 2017

and beyond, driven primarily by emerging markets and developing economies, as conditions in stressed economies start gradually to normalize. But uncertainty has increased, and risks of weaker growth scenarios are becoming more tangible. The fragile conjuncture increases the urgency of a broad-based policy response to raise growth and manage vulnerabilities."

- **JP Morgan.** "... Companies are being pinched by poor productivity and rising labor costs on one side, and an inability to raise prices in a lackluster economy on the other. The risk is that they'll respond to the margin squeeze by cutting back on hiring and spending, leading to a recession.

"With wages picking up but productivity growing in slow motion, margins are likely to continue their declines, which have historically signaled an expan-

See TED MAZIEJKA, page 12



## ON THE MOVE

**RPS KLOTZ ASSOCIATES PROMOTES 2 HOUSTON LEADERS** Texas-based civil engineering firm **RPS Klotz Associates** enhanced its management team through the promotion of Bart Standley, PE, to vice president and an expanded, statewide role for David Balmos, PE.

A vice president since 2011, Balmos will now serve as transportation marketing director for the firm's offices across the state. He joined RPS Klotz Associates in 2008 and leverages 20 years of experience in roadway, rail transit and drainage engineering for urban and

rural transportation projects. Balmos holds a bachelor's degree from Texas A&M University.

Standley's promotion to vice president comes a year after joining the firm as public works practice manager. Standley has nearly 40 years of experience in business operation and management, program and project management, engineering analysis and design, and construction management. He holds a bachelor's degree from Lamar University.

"The past year was a record one for growth at RPS Klotz Associates, and we have our talented staff and the leaders who guide

them to credit for that," said D. Wayne Klotz, PE, D.WRE, president. "We thank David and Bart for their contributions and look forward to continuing to enhance our team and our expertise for clients across Texas."

RPS Klotz Associates is the Texas-based engineering arm of RPS Group, a multidisciplinary consultancy with U.S. headquarters in Houston. With a staff of 165 professionals in Austin, Dallas, Houston, and San Antonio, the firm provides transportation, traffic, ITS, water and sewer, aviation, drainage, and more.

TED MAZIEJKA, from page 11

sion near its end," JPMorgan economist Jesse Edgerton wrote in a March 21 research note.

■ **Dr. Seuss.** And lastly, but most notably, age old wisdom from Dr. Seuss: "Unless someone like you cares a whole awful lot, nothing is going to get better. It's not."

There is a great deal of wisdom in Dr. Seuss, because without senior leadership caring a whole awful lot, and the IMF wisdom of raising growth and managing vulnerabilities, the path to the end of 2016 might have an unclear picture.

**Being predictable requires great data review, and gives firms the ability to see downstream and shift resources in a rapidly changing environment.**

"Raising growth, managing the vulnerabilities, and caring a whole awful lot, will ensure that your firm's financial picture will improve throughout the year."

**So how is your firm poised to enter the end of the quarter? Let's review a few critical elements that you should consider:**

**1) Strategic planning performance/business planning performance.** How is the firm performing on the goals that were set during your 2015 strategic planning sessions? Was Q1 on target? Did the firm take the steps necessary to review Q1 with an eye on meeting Q2?

How is the budget you developed last year working in comparison to 2016 Q1, as well as to what was actually budgeted for Q2? What steps are being taken to insure that goals are being met? If decisions have to be made, are they being done surgically and with speed to action?

If performance is off target, what is being done on all fronts – practice optimization, business development, reallocating resources, work load review, getting staff functioning at their best and highest purpose, optimization of overhead spending, and other critical areas where it sounds simple to address but not easy to implement? How is the senior leadership addressing the "vulnerabilities" in all areas of the business?

If performance is on or ahead of goal, what continuing measures are being addressed to review the business development plans and how those impact future growth? We often hear

firms indicate that they are looking to turn work away due to short term labor shortages. How is that strategy going to impact the mid and long term sustainability of the firm?

**2) Workload projections/project management/pipeline of opportunities.** What is the state of the firm's backlog? Are critical project reviews being accomplished to ensure that the firm's accounting of project completion is being evaluated against the project managers estimate to complete? Are all facets of the way work is being performed being evaluated to address increased performance and profitability? What is the firm's backlog as you enter June 2016? Is it ahead of the industry average of 6.6 months?

Is the performance of the pipeline of opportunities increasing to allow for greater sustainability going into the end of 2016 and 2017?

Is the firm evaluating the backlog and pipeline together to predict the need for expanded or contracting resources, and what is your view on this comparison? How good is your firm's data in assisting in the evaluation of these critical drivers of growth? How vulnerable is your firm to the economic impacts that affect you locally, regionally, nationally, or internationally?

Most importantly, are you sharing the level of backlog with your staff so that they are aware of the health of your firm?

**3) Cash flow projections.** Where is the firm positioned relative to its cash position? Is your average collection period running at 68 days or less? Are you having quick conversations with your clients to hold them to the terms specified in your contracts? This is critical to the firm's success and the management of this process should be first and foremost in the hands of your accounting team and then in those of the project managers and principals. Are the PMs and principals acting quickly in the collection effort to mitigate the risk of non-collection and minimizing this vulnerability? Are you running cash-based P&Ls to insure that the funds are going to be available to pay bonuses and cover the firm's tax liability?

Are you making sure that your firm's work in progress is at 13 days or less? Are you reviewing WIP monthly and also aging it much like you do your Accounts Receivable and holding your PM's accountable for the old WIP?

**Raising growth, managing the vulnerabilities, and caring a whole awful lot, will ensure that your firm's financial picture will improve throughout the year. ■**

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